



HOUSE BUDGET COMMITTEE

Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Democratic Member

B-71 Cannon HOB ■ Washington, DC 20515 ■ 202-226-7200 ■ www.house.gov/budget_democrats

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In Their Own Words: Verbatim Quotes About the Budget

“Fiscal responsibility used to be about as common in this town as Halley’s comet, but we put the tax-and-spend century behind us. We are here today to replace it with a century of surplus.”

House Majority Leader Richard Armey
Congressional Record, H1270, February 28, 2001

Republicans Claimed That the Social Security Trust Fund Surplus Would Be Protected

“Inherent in the budget, of course, is our desire to make sure we protect Social Security—I think there is unanimity on the table for that—that we set clear priorities, that we fund the priorities. In our budget, we’re going to prove to the American people that we can pay down debt, fund priorities, protect Social Security, and there will be money left over, which we strongly believe ought to be passed back to the taxpayers.”

President Bush
Remarks to Members of House and Senate Budget Committees, February 15, 2001

“None of the Social Security surplus will be used to fund other spending initiatives or tax relief.”

A Blueprint for New Beginnings: A Responsible Budget for America’s Priorities, Page 11
Office of Management and Budget, February 28, 2001

“We are going to wall off Social Security trust funds and Medicare trust funds . . . And consequently, we pay down the public debt when we do that. So we are going to continue to do that. That’s in the parameters of our budget and we are not going to dip into that at all.”

House Speaker Dennis Hastert
Quoted in BNA’s *Daily Tax Report*, March 2, 2001

Republicans Claimed that Their Budget Left a Margin for Error

“There is not more than enough room for the President’s tax relief plan. There is vastly more than enough room... Being, as I think a banker would look at it, over-reserved against the unknown, we have fully enough money left to give a refund to the American taxpayer... The budget is built on very conservative and cautious assumptions... The revenue relative to GDP numbers are extremely cautious.”

Mitchell Daniels, Director of the Office of Management and Budget
White House Bulletin, February 28, 2001

“We should also prepare for the unexpected, for the uncertainties of the future. We should approach our Nation’s budget as any prudent family would, with a contingency fund for emergencies or additional spending needs . . . And so, my budget sets aside almost a trillion dollars over 10 years for additional needs.”

President Bush
Address to Joint Session of Congress, February 27, 2001

“Tax relief is central to my plan to encourage economic growth, and we can proceed with tax relief without fear of budget deficits, even if the economy softens. Projections for the surplus in my budget are cautious and conservative. They already assume an economic slowdown in the year 2001.”

President Bush
Remarks at Western Michigan University, March 27, 2001

“In sum, there is ample room in the Administration's budget to pay off debt as far as possible, to reduce taxes for American families to fund program priorities, and still leave roughly \$1.0 trillion for Medicare modernization and to meet other programmatic and contingency needs as they arise.”

A Blueprint for New Beginnings: A Responsible Budget for America’s Priorities, Page 13
Office of Management and Budget, February 28, 2001

“There has been considerable public discussion of the potential downside risks to the surplus projections. However, the greatest "risk" to accurate forecasting in recent years has been on the upside as a result of stronger than expected revenue growth and weaker than expected outlay growth. Revenues have contributed most to surplus underestimates . . .”

A Blueprint for New Beginnings: A Responsible Budget for America’s Priorities, Page 14
Office of Management and Budget, February 28, 2001

Republicans Claimed that Their Budget Would Pay Down Maximum Debt

“We owe it to our children and grandchildren to act now, and I hope you will join me to pay down \$2 trillion in debt during the next 10 years. At the end of those 10 years, we will have paid down all the debt that is available to retire.”

President Bush
Address to Joint Session of Congress, February 27, 2001

“This new approach is also responsible: It will retire nearly \$1 trillion in debt over the next four years. This will be the largest debt reduction ever achieved by any nation at any time. It achieves the maximum amount of debt reduction possible without payment of wasteful premiums. It will reduce the indebtedness of the United States, relative to our national income, to the lowest level since early in the 20th Century and to the lowest level of any of the largest industrial economies.”

A Blueprint for New Beginnings: A Responsible Budget for America's Priorities, Page 3
Office of Management and Budget, February 28, 2001

Republicans Had Ample Warning That Their Budget Left No Room for Error and Was Betting the Budget on the Stock Market

“The future is uncertain; and so our budget should always have something in hand, in case outcomes are unfavorable. We learned in the 1980s that betting the budget on an optimistic forecast and speculative policies is unwise. We learned in the 1990s that fiscal discipline works. We know that every day takes us closer to demographic developments whose occurrence is certain, but whose effects are profoundly uncertain. This is no time for another self-indulgent fiscal experiment; we should not rush to undertake *counter-productive* fiscal policy. We should stay with what works, and make allowances for the uncertainties just a few years in the future. That would best serve those who will follow us - a concept that somehow seems somewhat more vivid to me on this particular day.”

OMB Director Jacob J. Lew
Testimony before the Senate Budget Committee, January 19, 2001

“CBO says that its current budget projections may be subject to even greater error than in the past...[saying] ‘The longer-term outlook is also unusually hard to discern at present.’...CBO calculates that there is about a one in five chance that the budget outside of Social Security and Medicare will be in deficit after 2003.”

Budget Talking Points
House Budget Committee Democrats, February 12, 2001

“One of the reasons for the growing budget surpluses over the past few years has been higher capital gains tax revenue as a result of the booming stock market....Mark Zandi, Chief Economist at Economy.com, explains, ‘We’ve had years of stock-juiced surpluses at all levels of government. But a flat equity market will quickly weigh on government’s good fiscal fortunes.’”

Ten-Year Budget Surplus Estimates Are Unreliable
House Budget Committee Democrats, March 12, 2001

“I hope that these blue-sky projections that total some \$5.6 trillion in surpluses over the next ten years will materialize. It will be a great bounty for all of us. But if they do not and if we pass this [budget] resolution, we can find ourselves right back in the red again in the blink of an economist’s eye.”

Representative John M. Spratt
Ranking Democrat, House Budget Committee
Congressional Record, March 28, 2001

“CBO’s recent budget re-estimates have shown a similar variation — which means that large re-estimates, perhaps in the opposite directions are possible....Over the past year alone, CBO has increased its surplus projection by \$2.5 trillion. Over the past three years, CBO has increased its surplus projection by almost \$5 trillion....Similar re-estimates could occur again, going in either direction.”

Long-Term Budget Estimates Are Unreliable
House Budget Committee Democrats, May 24, 2001

“There are good reasons to expect that revisions of the surplus in coming months will be negative....[T]he amount of revenue generated by every dollar of GDP is likely to decline sharply in the short run and may not recover much in the long run. The ratio of revenues to GDP had risen to record levels, and until recently both OMB and CBO had assumed that it would retreat only modestly. However, with weaker growth of income tied to the stock market — like capital gains, stock options, executive compensation, and bonuses — the revenue from such sources may well reverse its earlier disproportionate growth. Even small changes in the ratio of revenues to GDP can have major impacts on the budget.”

Republican Stimulus Proposals Make a Bad Situation Worse
House Budget Committee Democrats, December 13, 2001